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The governance and levels of control of the National Bank of Moldova

External Audit

According to the Law on the National Bank of Moldova (Article 68), annual financial reports, accounts and records of the National Bank are subject to annual external audit, in accordance with International Standards on Auditing, conducted by an external audit organization with reputation and recognized experience in the auditing of central banks and international financial institutions. The selection of an external audit organization is ensured by the Supervisory Board of the NBM, based on a tender. To perform the external audit of the NBM annual financial statements, accounts and records for the years 2015-2019, the winner of the tender is designated SC Deloitte Audit S.R.L. External auditors are independent in relation to the activity and the NBM Board. The reports of independent auditors are published on the official website of the NBM.

Safeguards Assessment of the NBM by the IMF

Periodically, the central bank's safeguards assessment is assessed by the IMF experts to get assurance in the implementation and operation by the central bank of some control systems, accounting, reporting and audit on the management of resources, adequate to the integrity of unfold operations. The assessment covers five key areas relevant to the control and governance within the central banks according to the ELRIC acronym:

- E - external audit mechanism,
- L - legal framework and central bank independence,
- R - financial reporting
- I - internal audit mechanism
- C - the system of internal controls.

Audit of the Court of Accounts of the R.M.

According to the Law on the National Bank of Moldova (Art. 21 para (2)), the legality and regularity of expenditure estimates and investment allowances of the National Bank are audited by the Court of Accounts of the R.M. External public audit performed by the Court of Accounts will be limited to the examining of operational efficiency of the decisions taken by the board of the National Bank, excluding the ones related to articles of expenditure related to the implementation of monetary and foreign exchange policy of the NBM and management of foreign exchange reserves. This restriction is imposed to ensure the independence of the NBM in promoting monetary and foreign exchange policy.

Internal Audit

The third line of defense provides independent and objective assurance and is represented by the internal audit. Internal audit provides management and line managers with independent reasonable assurance about the adequacy and effectiveness of governance, risk management and internal controls, including how the first and second lines of defense achieve risk management objectives. The internal legal framework regarding the operation of the internal audit is approved at the level of the Supervisory Board and aligned with the mandatory elements of the International Professional Practices Framework (IPPF), developed by the Institute of Internal Auditors (IIA).

Internal control - permanent operational control, subdivision level

The NBM has a well-organized, structured and regulated Internal Control System (ICS),. The functioning of the internal control is based on the responsibility of all personnel involved in the NBM activity, and is organized on several levels. The first level represents the permanent operational control (daily) performed at each NBM structural subdivision level, and includes:

- pre-established controls (automatically or manually),
- controls performed directly during the process by the executors,
- controls performed on a higher levels of hierarchical structure according to the existing procedures,
- additional controls carried out in certain directions which involve major risk (market, accounting, legal, etc.).

Code of Conduct of the NBM Employees

The Code of Conduct of the NBM Employees ^[1] is approved and applied within the NBM since October 2014.

The respective rule regulates the general rules of moral and professional conduct, and has the aim of strengthening on a continuous basis of the quality in the process of exercising the work responsibility of the NBM employee, favoring the maintenance of the NBM image via professionalism, moral integrity, honesty and impartiality, both on internal plan- the NBM and in public relations.

Anti-Fraud policy of the NBM

Anti-fraud policy of the NBM ^[2] is established and implemented within the NBM since February 2010.

The primary goal of the policy is to develop the corporate culture and create an environment which inhibits fraud. In accordance with the established goals, the management of the NBM promotes a zero tolerance policy toward fraud and mobilize all staff of the Bank to act permanently, honestly, with integrity and dignity, to protect all resources entrusted to them, do not abuse of their position. Under this policy there are examples of fraud and corruption risks, and elements of fraud and corruption prevention.

Through alignment with international practice, annually, within the NBM takes place the "Fraud Awareness Week" event, with participation of the Licensed Banks from the R.M.

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